GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4296
ANSWERED ON:19.04.2002
CASES OF UNDER VALUATION
CHANDRA NATH SINGH;GANGASANDRA SIDDAPPA BASAVARAJ;SUKDEO PASWAN

Will the Minister of FINANCE be pleased to state:

(a) whether The government have decided to act tough on under valuation cases;

(b) if so, the details thereof;

(c) whether all the customs formations and custom houses in the country have been given directions in this regard;

(d) if so, the details thereof; and

(e) the action taken/proposed to be taken on undervaluation by customs authorities?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (GINGEE N. RAMACHANDRAN)

(a),(b),(c),(d)&(e)): Yes, Sir. The Government has taken a number of legal and administrative measures in the recent past to check under-valuation of imported goods.

The important legal measures are as mentioned below:

i) Fixation of Tariff values in respect of some of the commodities prone to under-valuation.

ii) Customs Valuation (Determination of Price of Imported Goods) Rules, 1988, have been amended to elaborate the different situations in which the declared value can be considered for rejection.

iii) Bilateral agreements have been signed with a number of foreign countries which would enable Government to obtain information on under -valued imports.

In addition to the above, various administrative measures have been taken by the Department to check under-valuation, some of which are mentioned below:

i) All the field formations of Customs have been directed to scrutinize values being declared for sensitive items and maintain vigil on under - valuation. In this regard, several alerts, circulars and instructions have been issued to them from time to time.

ii) Special Valuation Branch in all Customs Houses have been activated and allChief Commissioners have been directed to create `Special Valuation Teams` in each of the Custom Houses. Time limits have been prescribed to finalise provisional assessments.

iii) Instructions have been issued to make enquiries and redetermine the values under the provisions of Rule 10-A of the Customs Valuation Rules wherever the margin between the price inclusive of all the duties vis-â€¦-vis MRP is unreasonably large.

iv) Field Formations have been directed to make use of the data ofcontemporaneous prices available on the Computer System as also information in valuation bulletins/ studies etc., circulated by Directorate of Valuation for the purpose of scrutinizing the values being declared by the importers.

v) An electronic National Import Data Base has been developed to electronically capture the import data from all the Customs Stations in the country and transmit the same to a central server in the Directorate of Valuation on a daily basis, where the same data is consolidated. Analysed data is sent fo all Customs Stations so that the values declared at one Customs Station can be compared with the data sent by the Directorate of Valuation which would help in curbing undervaluation

As a result of these measures, Custom Houses are taking very effective actionagainst under valuation of goods and the Ministry is monitoring their progress closely.